



House of Representatives

File No. 728

General Assembly

February Session, 2008

(Reprint of File No. 184)

Substitute House Bill No. 5520
As Amended by House Amendment Schedule
"A"

Approved by the Legislative Commissioner
April 24, 2008

AN ACT CONCERNING NOTIFICATION BY SURPLUS LINES INSURERS.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 38a-745 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 Each insurance policy issued pursuant to sections 38a-741 to 38a-
4 744, inclusive, 38a-777 and 38a-794 by a surplus lines insurer shall bear
5 on its cover, in not less than [ten-point bold red] twelve-point boldface
6 type in capital letters, the following:

7 NOTICE

8 [This policy is not protected by the Connecticut Insurance Guaranty
9 Association.] THIS IS A SURPLUS LINES POLICY AND IS NOT
10 PROTECTED BY THE CONNECTICUT INSURANCE GUARANTY
11 ASSOCIATION.

This act shall take effect as follows and shall amend the following
sections:

Section 1	<i>October 1, 2008</i>	38a-745
-----------	------------------------	---------

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

This bill makes technical changes to current surplus line provider required consumer notification informing consumers that surplus line insurance is not protected by the Connecticut Insurance Guaranty Association. It will not result in a fiscal impact to the Department of Insurance.

House "A" (LCO 4314) requires that this notification be printed in not less than 12-point boldface type, capital letters, and changes the language of the notice from, "This policy is not protected by the Connecticut Insurance Guaranty Association," to, "THIS IS A SURPLUS LINES POLICY AND IS NOT PROTECTED BY THE CONNECTICUT INSURANCE GUARANTY ASSOCIATION."

The Out Years

No fiscal impact.

OLR Bill Analysis**sHB 5520 (as amended by House "A")******AN ACT CONCERNING NOTIFICATION BY SURPLUS LINES INSURERS.*****SUMMARY:**

This bill requires the notice regarding the Connecticut Insurance Guaranty Association that surplus lines insurers' must include on the cover of their policies to be printed in at least 12-point boldface type and in capital letters, instead of 10-point red bold type.

It also revises the notice by adding a reference that the policy is a surplus lines policy. The revised notice must say "This is a surplus lines policy and is not protected by the Connecticut Insurance Guaranty Association." Under current law, the notice reads: "This policy is not protected by the Connecticut Insurance Guaranty Association."

The association, which property and casualty insurers fund through assessments, pays qualifying claims from state residents against insolvent insurance companies. A surplus lines insurer is an unauthorized insurer (i.e., an insurer not licensed to do business in Connecticut).

*House Amendment "A" requires the notice to be printed in capital letters and revises it to specify that the policy is a surplus lines policy.

EFFECTIVE DATE: October 1, 2008

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/06/2008)